

U.S. Congressman Mike Pence will introduce a bill tomorrow requiring the Federal Reserve to focus solely on inflation. The bill would strike the “dual mandate” included in the Federal Reserve Act of 1977. As a result the Fed would only be mandated to engage in monetary policy that focuses on price stability and inflation.

**“The Fed’s dual mandate policy has failed,”** said Pence. **“For a record 18th straight month the nation’s unemployment rate is at or above 9.4 percent.□ It’s time for the Fed to be solely focused on price stability and not the recently announced QE2 which will monetize our debt and trigger inflation.”**

Below is video and a transcript from CNBC’s Power Lunch where Congressman Pence discussed this today:

Transcript:

**Michelle Cabrera:** Sir, if we get a lot of inflation, some people will feel they got a tax increase, regardless. Front page of the Wall Street Journal, “Fresh Attack on Fed Move.” You're on record being critical of the decision by the Federal Reserve to do what it's doing with QE2. What do you say to folks that say that’s a violation of the whole idea that the central bank should be independent?

**Rep. Pence:** Look, I've got a first Amendment; I'm a Member of Congress. I appreciate the independence of the Fed. But I think it might be time for us to reconsider the dual mandate of the Fed. That was established in 1977. I think we ought to get the Fed back in the business of focusing on price stability and preventing inflation and not -- also this dual mandate of full employment for the country. I think its creating confusion here. As I said in the journal this morning, printing money is no substitute for sound fiscal policy. That's all we're really doing here. The reason why you're seeing leaders across the country speaking out - frankly leaders across the world denouncing this action by the Fed – is that they know it's going to be inflationary, and it seems to be for all the talk around it being reasonable, it looks like an effort to monetize our debt.

**Tyler Mathisen:** I wouldn’t disagree with that. Would you say over the past 30 years the Fed has done a better or worse job of managing inflation than you would have hoped? I remember inflation in 1977 being a heck of a lot higher than today.

**Rep. Pence:** Well, that's exactly right. I think there have been periods where it's done better than other periods and that's fine. I'm just saying we ought to get the Fed back on that individual mandate of price stability and controlling inflation in the money supply, as opposed to also having a dual mandate of full employment. This whole QE2 business is being sold as an effort to expand the availability of credit which will expand employment and start to bring down that recalcitrant, nearly 10% unemployment rate nationwide. You know, I think the Fed ought to be about the mission of focusing on protecting the fundamental strength and integrity of the dollar and protecting the fundamental assets of the American people.